

TARGETED MARKET CONDUCT EXAMINATION REPORT
AS OF JULY 31, 2005

American Home Title and Escrow Company
8874 Yates Drive, Suite 140
Westminster, Colorado 80031

EXAMINATION PERFORMED BY
DIVISION OF INSURANCE STAFF
COLORADO DEPARTMENT OF REGULATORY AGENCIES
STATE OF COLORADO

**American Home Title and Escrow Company
8774 Yates Drive, Suite 140
Westminster, Colorado 80031**

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AS OF JULY 31, 2005**

**Examination Performed by
Jeffory A. Olson, CIE, FLMI, AIRC, ALHC
Paula M. Sisneros, AIS
Bobbie Baca**

Division of Insurance Staff

January 27, 2006

The Honorable David F. Rivera
Commissioner of Insurance
State of Colorado
1560 Broadway, Suite 850
Denver, Colorado 80202

Commissioner:

This targeted market conduct examination of American Home Title and Escrow Company was conducted pursuant to §§ 10-1-203, 10-2-804 and 10-3-1106, C.R.S., which authorizes the Insurance Commissioner to examine title insurance agents and agencies. We examined the Agency's records and conducted interviews at its Westminster office located at 8774 Yates Drive, Unit 140, Westminster, Colorado 80031. The market conduct examination covered selected business practices associated with the ownership and operation of a title insurance agency through July 31, 2005.

The following market conduct examiners respectfully submit the results of the examination.

Jeffory A. Olson, CIE, FLMI, AIRC, ALHC

Paula M. Sisneros, AIS

Bobbie Baca

**MARKET CONDUCT
EXAMINATION REPORT
OF
AMERICAN HOME TITLE AND ESCROW COMPANY**

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AGENCY PROFILE

American Home Title and Escrow Company (AHT) formed as a Colorado corporation in 1996. AHT obtained its license to operate as a title insurance agent on September 25, 1996, but did not open its office in Colorado until mid-1999 after receiving a letter of clearance to operate as an affiliated business from the Colorado Deputy Insurance Commissioner in late 1998. AHT is a wholly owned subsidiary of M.D.C. Holdings, Inc. ("MDC"), a New York Stock Exchange listed corporation. MDC has additional wholly owned subsidiaries including, but not limited to, Richmond American Homes of Colorado, Inc., HomeAmerican Mortgage Corporation and American Home Insurance Agency, Inc. Richmond American Homes of Colorado, Inc. and HomeAmerican Mortgage Corporation are considered settlement producers as defined in Colorado insurance regulation 3-5-1. AHT was established with the capital required by Colorado insurance law and appears to have a current net worth sufficient to meet its daily and monthly obligations as they come due.

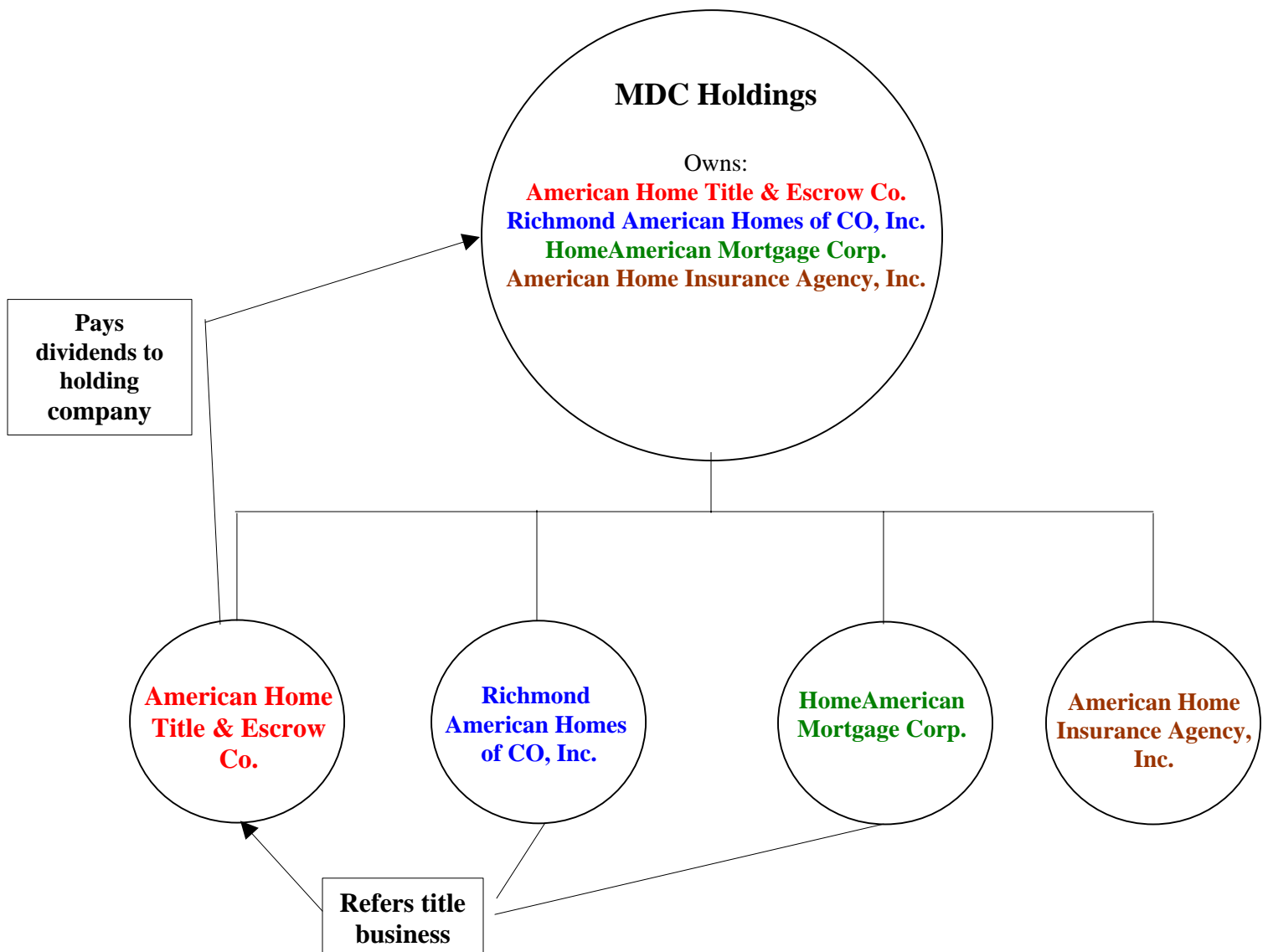
AHT performs its Colorado business operations from its sole location at 8774 Yates Drive, Suite 140, Westminster, CO 80031. AHT currently employs nine (9) employees in its Westminster office. It does not borrow staff from, or lend staff to, any affiliated business. AHT employees' time is 100% dedicated to performing the services for which AHT received title insurance premium. The staff of AHT manages the daily business affairs of the Agency.

AHT employees perform core title services including, but not limited to, title search, examination and evaluation, commitment and policy production, maintenance of records, solicitation and negotiation of title commitments and maintenance of escrow accounts. Full-time licensed examiners search the various county records through an on-line title plant leased to AHT from Title Records, LLC. AHT does not employ any transaction closers. As such, escrow services (document presentation, notary services, disbursement of funds, etc.) on transactions where AHT is handling the title insurance are handled independently of AHT. These services are performed by a third-party for a fee, and AHT does not receive any fees for closing services provided by said third-party.

AHT obtains the majority of its Colorado business from two affiliated businesses, Richmond American Homes of Colorado, Inc. and HomeAmerican Mortgage Corporation. AHT does not pay any type of remuneration back to these two entities in exchange for referrals.

Stewart Title underwrites AHT's title insurance policies in Colorado. All rates charged by AHT for title insurance products are based on the Stewart Title Guarantee Company rate filing with the Colorado Division of Insurance.

Affiliated Business Arrangement Flowchart*:



* This flowchart may not show all affiliated businesses or business relationships.

PURPOSE AND SCOPE OF EXAMINATION

State market conduct examiners with the Colorado Division of Insurance (Division), in accordance with Colorado insurance law, §§ 10-1-201, 10-1-203, 10-1-204, 10-2-804 and 10-3-1106, C.R.S., which empowers the Commissioner to require any person engaged in the business of insurance to be examined, reviewed certain business practices of AHT. The findings in this report, including all work products developed in producing it, are the sole property of the Division.

The purpose of the targeted examination was to determine the Agency's compliance with Colorado insurance law and with generally accepted operating principles related to title insurance agencies. This targeted examination was triggered by an investigation conducted by Division staff related to affiliated business arrangements generally. Examination information contained in this report should serve only these purposes. The conclusions and findings of this examination are public record. The preceding statements are not intended to limit or restrict the distribution of this report.

Examiners conducted the examination in accordance with procedures developed by the Division, based on model procedures developed by the National Association of Insurance Commissioners. They relied primarily on records and materials maintained by the Agency and direct interviews with staff of the Agency. The documents reviewed during this examination were provided by the Agency in paper form. The targeted market conduct examination covered the period from the Agency's inception through July 31, 2005.

The examination included review of the following:

Agency Operations and Management

The final exam report is a report written by exception. References to additional practices, procedures, or files that did not contain improprieties, were omitted. For the period under examination, the examiners included statutory citations and regulatory references as they pertained to title insurance agencies.

Examination findings may result in administrative action by the Division. Examiners may not have discovered all unacceptable or non-complying practices of the Agency. Failure to identify specific Agency practices does not constitute acceptance of such practices. This report should not be construed to either endorse or discredit any title insurance agency or underwriter.

EXAMINERS' METHODOLOGY

The examiners reviewed the Agency's business practices to determine compliance with Colorado insurance laws and Colorado regulations. For this examination, special emphasis was given to the laws and regulations as shown in Exhibit 1.

Exhibit 1

Law/Regulation	Concerning
Sections 10-1-101 through 10-1-130	General Provisions
Section 10-1-203	Authority, Scope, and Scheduling of Examinations
Section 10-1-204	Conduct of Examinations
Section 10-2-704	Fiduciary Responsibilities
Section 10-2-804	Investigation by Commissioner
Sections 10-3-1101 through 10-3-1104.5	Unfair Competition - Deceptive Practices
Sections 10-11-101 through 10-11-123	Title Insurance Code of Colorado
Regulation 1-1-7	Market Conduct Record Retention
Regulation 3-5-1	Title Insurance

EXAMINATION REPORT SUMMARY

The examination resulted in zero (0) findings. Areas of the agency operations reviewed during the examination appear to be in compliance with Colorado Statutes and Regulations.

State Market Conduct Examiners

**Jeffory A. Olson, CIE, FLMI, AIRC, ALHC
Paula M. Sisneros, AIS
Bobbie Baca**

For

**The Colorado Division of Insurance
1560 Broadway, Suite 850
Denver, Colorado 80202**

participated in this examination and in the preparation of this report.